Economic and Business Horizon

Vol. 4, no. 1, (2025), 33-46
https://journal.lifescifi.com/index.php/ebh/

The Impact of Financial Information, Non-Financial Information, and Macroeconomic Conditions on IPO Underpricing: Evidence from the Indonesia Stock Exchange

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Abstract

This study aims to determine the effect of financial information, non-financial information, and macroeconomic conditions on the level of underpricing. The research variables used are financial information variables (Return on Assets and Debt to Equity Ratio), non-financial information variables (company size and company age), and macroeconomic conditions variables (inflation and interest rates). This study is a quantitative study using multiple linear regression analysis methods. The population of this study were companies conducting Initial Public Offerings (IPOs) on the Indonesia Stock Exchange (IDX) in 2018-2022, totaling 273 companies and a sample size of 235 companies selected using the purposive sampling method. The results of the study showed several results, including (1) financial information variables (ROA and DER) did not affect the level of underpricing in companies conducting IPOs on the IDX in 2008-2022; (2) non-financial information variables show different results in their influence on the level of underpricing where company size influences the level of underpricing, while company age does not have a significant effect on the level of underpricing; (3) macroeconomic condition variables also show different results in their influence on the level of underpricing where inflation has no effect and interest rates influence underpricing.

Keywords

Underpricing, IPO, ROE, DER, Company Size, Company Age, Inflation, Interest Rates

1. Introduction

Along with the increasing competition in the business world, companies today are not only aiming to seek profit, but must also be able to develop and maintain their survival. This business development will not be possible without adequate funding support, both funding from within and outside the company. In general, when retained earnings which are a source of funding from within the company are insufficient, the company will seek external funding sources. These external funding alternatives can be in the form of borrowing capital from creditors, issuing corporate bonds, or selling their own shares on the capital market. The Indonesia Stock Exchange, which is the result of a merger of two exchanges, namely the Jakarta Stock Exchange (BEJ) and the Surabaya Stock Exchange (BES), is the only capital market in Indonesia (Ayuwardani & Isroah, 2018). The development of this capital market has progressed quite rapidly over the past few years with more and more companies carrying out activities. The existence of information asymmetry results in price differences in the primary market and the secondary market (Akbar & Africano, 2019).

The company issues a prospectus which is a means of disseminating public information to the public as a way to reduce information asymmetry. The prospectus serves as a source of financial summary and other information that investors can use to assess the condition of the company conducting an Initial Public Offering (IPO) and learn more about the company's future prospects. The information in the prospectus includes financial information and non-financial information. Financial information can be data sourced from the company's financial statements including balance sheets, income statements, cash flow statements, statements of changes in equity, and notes to the financial statements. Measurement of the company's financial performance is carried out through ratio analysis such as liquidity ratios, profitability ratios, activity ratios, and solvency ratios. In addition to financial information, there is also non-financial information which is information outside the company's financial data (Pranadipta & Natsir, 2023). The purpose of the Initial Public Offering (IPO), use of proceeds from the Initial Public Offering (IPO), business risks, business activities and prospects, dividend policies, securities underwriters, capital market supporting professions, and so on are non-financial information that is commonly presented in a company prospectus (Yuliani et al., 2019).

Macroeconomic conditions are another factor that influences investor decision-making when making investments. A good understanding of the factors that influence stock underpricing can be a consideration for investors to be more selective in choosing initial stocks on the stock exchange. The factors that influence underpricing have been widely studied before. Mayasari, et al. (2018) concluded that Return on Equity (ROE) has a negative effect on stock underpricing. This is in line with the results of research conducted by Himawan and Suryaputri (2019). This study aims to determine the effect of financial information, non-financial information, and macroeconomic conditions on the level of underpricing in companies conducting Initial Public Offerings (IPOs) on the Indonesia Stock Exchange during the 2018–2022 period.

2. Literature review and Hypothesis

Financial information represented by the Return on Equity (ROE) and Debt to Equity Ratio (DER) ratios is believed to play an important role in determining the level of underpricing. ROE as an indicator of profitability shows the company's ability to generate profits from equity, where the higher the ROE, investors tend to consider the company more attractive, thereby reducing underpricing (Mayasari et al., 2018; Suyono et al., 2025). High DER reflects high financial risk, triggers investor concerns, and increases the possibility of underpricing (Irfandi et al., 2021; Lukman & Kunawangsih, 2023). Company size and age are also important variables, because large and long-lived companies tend to have more open information and better business stability, which ultimately reduces information asymmetry and investment risk (Syah Putra, 2020; Maygista et al., 2020). From the external side, macroeconomic conditions such as inflation and interest rates also affect underpricing. High inflation and high interest rates can theoretically suppress investment interest and increase capital costs, which has an impact on high stock underpricing (Saefudin & Gunarsih, 2020; Thoriq et al., 2018). A thorough understanding of these variables is important in analyzing the phenomenon of stock underpricing.

Based on the formulation of the problem, literature review, framework of thought, and previous research, the author proposes several hypotheses in this study. The hypothesis is a temporary thought that will be accepted if the results of the data test show that this hypothesis is true, but if the results of the data test show that this hypothesis is false, then this hypothesis will be rejected. Financial information is financial data obtained from the prospectus or financial statements of the company. The company's financial performance can be measured using liquidity ratios, profitability ratios, activity ratios, and solvency ratios (Isynuwardhana & Febryan, 2022). In this study, financial information in the form of Return on Equity (ROE) and Debt to Equity Ratio (DER) is thought to have a significant effect on stock underpricing. Return on Equity (ROE) is one of the profitability ratios that can measure a company's ability to generate profits using its equity. The greater the Return on Equity Ratio (ROE), the better the company's ability to utilize its capital. A high Return on Equity Ratio (ROE) will be a positive signal for investors because it reduces risk and uncertainty, so investors are willing to buy shares at a higher price. As a result, the underpricing value will decrease. The influence of Return on Equity (ROE) on underpricing has been proven by Mayasari, et al. (2018) who concluded that Return on Equity (ROE) has a significant negative effect on underpricing.

H1: Return on Equity (ROE) has a negative and significant effect on underpricing.

Debt to Equity Ratio (DER) is a leverage ratio that describes a company's ability to meet its obligations using the equity it has. Companies that have a high Debt to Equity Ratio (DER) have a high financial risk or risk of the company failing to pay its debts. This will create negative sentiment from investors so that investors tend to avoid companies that have a high Debt to Equity Ratio (DER). The effect of Debt to Equity Ratio (DER) on underpricing has been proven through research conducted by Lukman and Kunawangsih (2023) which concluded that Debt to Equity Ratio (DER) has a positive and significant effect on stock underpricing.

H2: Debt to Equity Ratio (DER) has a positive and significant effect on underpricing.

Company size reflects the size of the business run by the company. The larger the company size, the company is assumed to have good performance prospects and can operate for a long time. On the other hand, larger companies tend to have more available information because they are known to the public compared to small companies. The availability of more information can reduce information asymmetry and the risk of uncertainty, thereby reducing the level of underpricing. Research conducted by Yuniarti and Syarifudin (2020), Himawan and Suryaputri (2019) has proven that company size has a negative effect on underpricing.
H3: Company size has a negative and significant effect on underpricing.

Company age can provide information regarding how long a company has been operating and running its business. The longer the company's age, the company is considered to have sufficient experience and is able to survive a lot of business competition. Like company size, companies that have a longer life also have more information available so that information asymmetry and the risk of uncertainty decrease. Therefore, investors can make investment decisions more easily and the risk of underpricing will be reduced. The influence of company age on underpricing has been proven by research by Saefudin and Gunarsih (2020) which concluded that company age has a negative and significant effect on underpricing.
H4: Company age has a negative and significant effect on underpricing.

Stable macroeconomic conditions are a positive signal for the capital market. Investors tend to be more daring to invest their funds when economic conditions are stable or improving, because this can reduce the risk of loss. In this study, macroeconomic variables are used in the form of inflation and interest rates which are estimated to have a significant effect on stock underpricing. Inflation describes an increase in goods and services that occurs continuously. When inflation occurs, the cost of capital issued by the company will increase, potentially reducing the profits to be obtained. The higher the inflation rate, the fewer investors will invest because this condition causes the return on capital to be obtained to decrease as a result of the decreasing currency value. Conversely, when the inflation rate tends to be low, more investors will invest because the value of the money they have has higher purchasing power.
H5: Inflation has a positive and significant effect on underpricing.

Interest rates have an inverse relationship with investment. When interest rates increase, investment interest will decrease because people will be more interested in saving their money in the form of savings or deposits to obtain higher profits. In addition, similar to inflation, for companies high interest rates will increase the cost of capital that must be incurred by the company, especially due to increased interest expenses. The increase in capital costs will certainly have the potential to reduce the company's profitability. Conversely, when interest rates decrease, demand for investment will increase.
H6: Interest rates have a positive and significant effect on underpricing..

3. Research methods

The type of research used in this study uses a quantitative approach. The population in this study are companies that conducted Initial Public Offerings (IPOs) on the Indonesia Stock Exchange in the period 2018-2022 totaling 273 companies. The sampling technique in this study was carried out using the purposive sampling method. Companies that conducted Initial Public Offerings (IPOs) on the Indonesia Stock Exchange in the period 2018 to 2022 whose shares experienced underpricing. Meanwhile, based on the sample selection criteria through the purposive sampling method, a sample size of 235 companies was obtained. The type of data used in this study is secondary data, in the form of information obtained from stock price data, financial report data from companies conducting Initial Public Offerings (IPOs), as well as inflation and interest rate data. The data used comes from the company's official website, the Indonesia Stock Exchange, Bank Indonesia, and other sites such as IDN Financial, Investing.com, sahamidx.com, and sahamee.com which can assist this study. This study uses a data collection method in the form of documentation, where the required data is obtained from the company's financial report data. In addition, there is also a library method, where data is collected from various books, scientific journals, and websites or other online sites related to the problems raised. The Weighted Least Squares (WLS) method is a development of the OLS method. The WLS method has the ability to neutralize violations of the heteroscedasticity assumption and can eliminate the consistency and bias properties of the OLS model. The WLS method uses additional weighting variables that are proportional to the inverse of the response variable variance so that new errors can be obtained that are similar to the OLS method regression.

4. Research result

In conducting estimation using the OLS method, there are several assumptions that must be met, namely the research data must have a normal distribution, homoscedasticity, no multicollinearity, and no autocorrelation. If all of these assumptions can be met, then the estimation results are said to have met the Best Linear Unbiased Estimator (BLUE) properties. The following are the results of multiple linear regression analysis using the OLS method.

Table 1. Multiple Linear Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.295802	0.189492	-1.561023	0.1199
ROE	-0.004236	0.011973	-0.353763	0.7238
DER	0.000815	0.001802	0.452005	0.6517
SIZE	0.004439	0.007105	0.624714	0.5328
AGE	-0.000574	0.000919	-0.624266	0.5331
INFLASI	-3.401471	1.118310	-3.041618	0.0026
SB	14.95488	1.301715	11.48860	0.0000

Normality test is conducted to determine whether the distribution or spread of data in a group or variable is normal or not. To determine the normality of data, there are several ways that can be done, one of which is by using the Lilliefors method. Data can be said to have a normal

distribution if the probability value in the Eviews output is > 0.05. Conversely, it may not have a normal distribution if the probability value is <0.05. The following are the results of the normality test using the Lilliefors method.

Table 2. Normality Test Results

Method	Value	Adj. Value	Probability
Lilliefors (D) OLS	0.056608	NA	0.0652
Lilliefors (D) WLS	0.056479	NA	0.0664

Based on the table, it can be seen that the normality test on the residual shows a p value of 0.0652 > 0.05, which means that the residual is normally distributed so that the regression model meets the normality assumption. Based on the results of the normality test using the Lilliefors method on the residual, it shows a p value of 0.0664 > 0.05, which means that the residual is normally distributed so that the model meets the normality assumption.

Table 3. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
	OLS		
C	0.035907	292.2463	NA
ROE	0.000143	1.407581	1.348870
DER	3.25E-06	1.438192	1.353202
SIZE	5.05E-05	287.7764	1.075328
AGE	8.45E-07	2.871620	1.099488
INFLASI	1.250617	9.628939	1.217028
SB	1.694462	30.19909	1.165521
	WLS		
C	0.023398	229.0503	NA
ROE	4.34E-05	1.950253	1.908129
DER	2.39E-06	1.954741	1.895661
SIZE	3.08E-05	213.3772	1.030017
AGE	4.46E-07	2.681829	1.058351
INFLASI	2.731108	12.11478	1.868062
SB	2.050420	33.12234	1.831102

Multicollinearity test is conducted to determine whether there is a correlation between independent variables in the regression model. The method that can be used to determine whether there are symptoms of multicollinearity is to use the Variance Inflation Factor (VIF) method. If the VIF value is <10, then it can be said to be free from multicollinearity. The results of the multicollinearity test of all variables are presented in the following table. Based on the table of multicollinearity test results above, the VIF value for all independent variables is less than 10. Therefore, it can be concluded that there is no multicollinearity between variables in the regression model. Based on the calculation results, it can be seen that the VIF value for all independent variables, namely Return on Equity (ROE), Debt to Equity Ratio (DER), company

size, company age, inflation, and interest rates are less than 10 so that the model meets the assumption of multicollinearity. Heteroscedasticity testing is conducted to determine whether in the regression model there is inequality of variance from one observation residual to another. In this study, the heteroscedasticity test uses the Glejser method with the following results.

Table 4. Heteroscedasticity Test Results

F-statistic OLS	3.507525	Prob. F(6,228)	0.0024
Obs*R-squared OLS	19.85829	Prob. Chi-Square	0.0029
Scaled explained SS OLS	20.67590	Prob. Chi-Square	0.0021
F-statistic WLS	1.436624	Prob. F(5,229)	0.2119
Obs*R-squared WLS	7.147139	Prob. Chi-Square	0.2099
Scaled explained SS WLS	6.620079	Prob. Chi-Square	0.2505

The results of the Glejser test in the table above show an Obs*R-squared value of 19.85829 with a p value of 0.0029 <0.05, which means there is heteroscedasticity so that it does not meet the assumption of homoscedasticity. The results of the Glejser test above show an Obs*R-squared value of 7.147139 with a p value of 0.2099> 0.05, which means there is no heteroscedasticity so that it meets the assumption of homoscedasticity. The model feasibility test (F test) is carried out to determine whether the independent variables together have an influence on the dependent variable. The following are the results of the model feasibility test.

Table 5. Results of Model Feasibility Test (F Test)

F-statistic	29.59072
Prob(F-statistic)	0.000000

The significance value of 0.000 is less than 0.05, therefore it is concluded that the multiple linear regression model formed is appropriate to explain the influence of the variables Return on Equity (ROE), Debt to Equity Ratio (DER), company size, company age, inflation and interest rates on the stock underpricing variable. The determination coefficient test aims to determine the extent of the contribution of the influence given by the independent variable to the dependent variable. The determination coefficient value (R2) is between 0 and 1. If the determination coefficient value approaches 1, it means that the influence given by the independent variable to explain the dependent variable is stronger. Conversely, if the determination coefficient value approaches 0, then the ability of the independent variable to explain the dependent variable is weak or limited.

Table 6. Results of the Determination Coefficient Test

R-squared	0.437793
Adjusted R-squared	0.422998

Based on the table, the R-square value is 0.4378, which means that the variability of the underpricing level from 2018 to 2022 is explained by six independent variables, namely Return on Equity (ROE), Debt to Equity Ratio (DER), company size, company age, inflation, and interest rates of 43.78%. While the remaining 56.22% is explained by other factors outside the variables. In the multiple regression analysis model, there are constant values and coefficients for each independent variable studied. As for the results of the t-test and coefficient of determination, the proposed research hypothesis can be proven. The t-test value for the variables Return on Equity (ROE), Debt to Equity Ratio (DER), company age, and inflation shows that the hypothesis is rejected. While the t-test value for the variables company size and interest rates shows that the hypothesis is accepted.

Table 7. Hypothesis Test Results

Hypothesis	Coefficient	t value	Prob.	Conclusion
Return on Equity (ROE) has a negative and significant effect on underpricing	-0.572236	-3.740978	0.0002	Hypothesis 1 is rejected
Debt to Equity Ratio (DER) has a positive and significant effect on underpricing	0.000334	-0.389067	0.6976	Hypothesis 2 is rejected
Company size has a negative and significant effect on underpricing	0.012625	0.216124	0.8291	Hypothesis 3 is rejected
Company age has a negative and significant effect on underpricing	-0.000239	2.273272	0.0239	Hypothesis 4 is rejected
Inflation has a positive and significant effect on underpricing	0.467528	-0.358660	0.7202	Hypothesis 5 is rejected
Interest rates have a positive and significant effect on underpricing	13.87554	0.282903	0.7775	Hypothesis 6 is accepted

The constant value of -0.572236 indicates that if the independent variables, namely Return on Equity (ROE), Debt to Equity Ratio (DER), company size, company age, inflation, and interest rates are considered constant, then underpricing is -0.572236. The coefficient value for the Return on Equity (ROE) variable is -0.002562, which means that Return on Equity (ROE) has a negative effect on stock underpricing. If there is an increase in the company's Return on Equity (ROE) by 1%, the underpricing value will decrease by 0.002562%. Meanwhile, the t-test probability value is 0.6976, which is greater than 0.05, so that the Return on Equity (ROE) variable does not have a significant effect on stock underpricing. Therefore, it can be concluded that the hypothesis proposed, namely Return on Equity (ROE) has a negative and significant effect on underpricing, is rejected.

The coefficient value for the Debt to Equity Ratio (DER) variable is 0.000334. This shows that the Debt to Equity Ratio (DER) has a positive effect on stock underpricing. Every 1% increase in the Debt to Equity Ratio (DER) value, the underpricing value will increase by 0.000334%. Meanwhile, the t-test obtained a significance value of 0.8291. This value is greater than 0.05 so that the Debt to Equity Ratio (DER) variable does not have a significant effect on stock underpricing. Therefore, it can be concluded that the hypothesis proposed, namely that the Debt to Equity Ratio (DER) has a positive and significant effect on underpricing, is rejected. The coefficient value for the company size variable is 0.012625. This shows that company size has a positive effect on stock underpricing. If there is an increase in the company size value by 1%, the

underpricing value will increase by 0.012625%. The probability value obtained from the t-test is 0.0239. This value is smaller than 0.05 so that the company size variable has a significant influence on stock underpricing.

The coefficient value for the company age variable is -0.000239, which means that the company age has a negative influence on stock underpricing. If there is an increase in the company's age by 1%, the underpricing value will decrease by 0.000239%. Meanwhile, the probability value of the t-test is 0.7202, which is greater than 0.05, so that the company age variable does not have a significant influence on stock underpricing. Therefore, it can be concluded that the hypothesis proposed, namely that the company age has a negative and significant effect on underpricing, is rejected. The coefficient value for the inflation variable is 0.467528. This shows that inflation has a positive influence on stock underpricing. Every 1% increase in the inflation rate, the underpricing value will increase by 0.467528%. The probability value obtained from the t-test is 0.7775. This value is greater than 0.005, so that the inflation variable does not have a significant influence on stock underpricing. Therefore, it can be concluded that the hypothesis proposed, namely that inflation has a positive and significant effect on underpricing, is rejected.

The coefficient value for the interest rate variable is 13.87554. This shows that interest rates have a positive effect on stock underpricing. If there is an increase in interest rates by 1%, the underpricing value will increase by 13.87554%. Meanwhile, the probability value of the t-test is 0.0000 which is smaller than 0.05 so that the interest rate variable has a significant effect on stock underpricing. Therefore, it can be concluded that the hypothesis proposed, namely that interest rates have a positive and significant effect on underpricing, is accepted.

5. Discussion

Based on the results of hypothesis testing using the t-test and determination coefficient test (R2), the influence of financial information consisting of Return on Equity (ROE) and Debt to Equity Ratio (DER), non-financial information consisting of company size and company age, and macroeconomic conditions consisting of inflation and interest rates on stock underpricing (Abbas et al., 2022). The Return on Equity (ROE) variable has a negative and insignificant effect on underpricing. The negative effect indicates that the higher the Return on Equity (ROE), the lower the level of underpricing. Based on the results of this test, it can be concluded that the hypothesis proposed, namely that Return on Equity (ROE) has a negative and significant effect on stock underpricing, is rejected. The negative effect of Return on Equity (ROE) on underpricing has been proven by research conducted by Mayasari et al. (2018); Himawan & Suryaputri, 2019). Meanwhile, the research results show that the effect of Return on Equity (ROE) is not significant on underpricing, this can occur because Return on Equity (ROE) is not the main concern of investors in investing. Investors may not have full confidence in the financial statements published by the company so that the Return on Equity (ROE) variable becomes insignificant. In addition, investors can also consider other factors besides Return on Equity (ROE) when making investment decisions, for example Return on Asset (ROA), Price Earning Ratio (PER) (Adiputra et al., 2023).

The results of the study, the Debt to Equity Ratio (DER) variable has a positive and insignificant effect on underpricing so that the hypothesis stating that the Debt to Equity Ratio (DER) has a positive and significant effect on underpricing is rejected. A positive effect means that the higher the value of the company's Debt to Equity Ratio (DER), the higher the underpricing of the shares. This is because investors will be more careful in choosing companies that have a high Debt to Equity Ratio (DER) because of the high risk of default on debt payments. The low interest of investors in buying IPO shares of companies that have a high Debt to Equity Ratio (DER) will increase the level of underpricing of the company (Irawan & Nasution, 2023). The ineffectiveness of the Debt to Equity Ratio (DER) value on underpricing can occur because investors may assume that companies that have a high Debt to Equity Ratio (DER) value do not necessarily have negative performance, but it could be that the company is trying to develop its business, one of which is by borrowing. Therefore, this will have an impact on reducing the level of underpricing, because investors see the company's potential to grow so they want to own shares in the company. The results of the study showing that the Debt to Equity Ratio (DER) has a positive and significant effect have been proven by Irfandi et al. (2021). Meanwhile, the results of the study conducted by Yuniarti and Syarifudin (2020), Octafian et al. (2021), Saefudin and Gunarsih (2020) showed that the Debt to Equity Ratio (DER) had no effect on stock underpricing.

The results of the study indicate that the company size variable has a positive and significant effect on stock underpricing. This means that the hypothesis proposed, namely that company size has a negative and significant effect on stock underpricing, is rejected. Based on signaling theory, companies with larger asset scales have a lower risk of uncertainty in the future, so they can increase trust and become an attraction for investors in investing. The higher investor trust, the volume of stock purchases will increase and result in an increase in stock prices (Tanoyo & Arfianti, 2022). The failure to prove the proposed hypothesis could be because investors assume that larger companies have greater tax payment obligations. The amount of tax will reduce the portion of profits distributed to investors. As a result, investors view the size of the company as not having a significant effect if the potential profits to be obtained are relatively the same, which ultimately influences investors' decisions whether to give a higher value to the shares of large companies compared to small companies. The results of the study which show that company size does not have a significant effect on stock underpricing have been proven by Vivianti (2021). Meanwhile, the results of research from Yuniarti and Syarifudin (2020) state that company size has a negative effect on stock underpricing.

The company age variable has a negative and insignificant effect on underpricing. This means that the hypothesis proposed, namely that company size has a negative and significant effect on underpricing, is rejected. The results of the study showed a negative effect, meaning that the longer the company's age, the lower the level of underpricing. This happens because investors have higher confidence in companies that have been proven to be able to survive longer than other companies. The absence of the company age variable on stock underpricing can occur because the age of the company has not been the main focus of investors when making investment decisions. In general, investors consider more financial information such as profitability ratios, leverage ratios, solvency ratios, and activity ratios. The results of research conducted by Saefudin and Gunarsih (2020) show evidence that company age can significantly affect stock underpricing in a negative direction (Pelawi & Pelawi, 2023).

The inflation variable has a positive and insignificant effect on stock underpricing. Based on these results, the hypothesis proposed that inflation has a positive and significant effect on underpricing is rejected. In theory, an increase in the inflation rate will increase the level of stock underpricing. This happens because when inflation is high, investor interest in investing tends to be low so that the initial shares issued by the company will be difficult to sell. When inflation occurs, the price of goods and services will increase which causes high capital costs to be incurred by the company. As a result, the company's profit decreases and investor interest in buying initial shares decreases. The rejection of the proposed hypothesis can occur because investors do not consider inflation information for a period of one month as a variable that is calculated as a basis for making investment decisions. In addition, inflation that has occurred in the last five years is classified as low inflation so that investors still consider it not worrying and do not have to make investors shift their investments from the capital market. The results of the study which show that inflation does not have a significant effect on underpricing are proven by Himawan and Suryaputri (2019). Meanwhile, the results of the study by Pangestu and Taufiq (2022) show a different conclusion, namely that inflation has a significant negative effect on stock underpricing.

The interest rate variable has a positive and significant effect on underpricing. This is in accordance with the hypothesis proposed so that the hypothesis is accepted. When interest rates are high, investors tend to have low investment interest because they choose other instruments such as savings and deposits that provide higher returns. As a result, the stock price in the initial offering becomes low and the level of underpricing increases. The results of this study provide different conclusions from the research conducted by Vivianti (2021), where interest rates have no effect on underpricing, and also the results of research by Saefudin and Gunarsih (2020) which states that interest rates have a significant negative effect on stock underpricing.

6. Conclusion

Based on the results of the test, this study concluded that not all financial, non-financial, and macroeconomic variables have a significant effect on stock underpricing. The Return on Equity (ROE) and Debt to Equity Ratio (DER) variables show negative and positive effects respectively, but both are not significant on underpricing. This shows that investors tend not to use these financial ratios as the main basis for making investment decisions during an IPO, considering the possibility of low trust in financial reports or consideration of other more relevant ratios such as ROA and PER. Company size actually shows a positive and significant effect on underpricing, contrary to the initial hypothesis. This means that the larger the company size, the higher the level of underpricing that occurs, which is likely caused by the attraction of investors to a larger company scale even though it is accompanied by the potential for high tax liabilities. Meanwhile, the company age and inflation variables have an effect but are not significant on underpricing. Investors seem to pay less attention to the company age factor or short-term inflation as indicators in making investment decisions. In contrast, interest rates are proven to have a positive and significant effect on underpricing. When interest rates are high, investors tend to switch to other instruments such as deposits, so that the demand for IPO shares decreases and causes the level of underpricing to increase. This finding suggests that external factors such as interest rates play an important role in investor behavior during IPOs.

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